

# BUDGET LETTER

	NUMBER: 12-10
SUBJECT: INITIAL PAST YEAR SCHEDULE 10s	DATE ISSUED: July 18, 2012
REFERENCES:	SUPERSEDES: BL 11-16

TO: Departmental Budget Officers  
Departmental Accounting Officers  
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

## ***Deadlines and Deliverables***

<b>August 27, 2012</b>	Departments submit updated initial past year Schedule 10s to the Department of Finance.
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## **INITIAL PAST YEAR SCHEDULE 10s**

The Department of Finance (Finance) will provide each departmental Budget Officer with one copy of its 2011-12 initial past year Schedule 10s. If departments have Capital Outlay appropriations, they will receive two packages: Capital Outlay Schedule 10s and State Operations/Local Assistance Schedule 10s. Schedule 10s are not attached to the electronic transmission of this Budget Letter (BL).

Upon receipt of the initial past year Schedule 10s, each department must determine that all expenditure authorizations were available during the 2011-12 fiscal year and have been **correctly reflected** in the Schedule 10s as follows:

1. Compare the **appropriation identification number** (organization code-reference code-fund code) and scheduled **program numbers** as shown on the Schedule 10s with the Budget Act. For non-Budget Act appropriations, compare Schedule 10s and the State Controller's records. Revise the Schedule 10s as necessary by lining through any incorrect org-ref-fund codes and program numbers and writing in the correct codes and numbers as appropriate. Departmental Budget Officers are requested to coordinate with departmental Accounting Officers to accomplish this code/number correction effort.
2. Verify the initial authorized budget act scheduled amounts per the Budget Act. Amounts shown as authorized for Budget Act items must be the **same amounts as shown in the Final Budget Summary (reflects Budget Act authorized dollars, less any Governor's vetoes or any approved technical corrections)**.
3. Verify Adjustments—any approved budget revisions, executive orders, and other adjustments applied to an appropriation during the year.
4. Verify the Revised Appropriation totals—a recap by schedule of the Initial Authorization as affected by any adjustments, and the Year of Completion (YOC) for each schedule.

**For Capital Outlay projects:**

1. Show construction dollars as a carryover if proceed to bid has been authorized or the encumbrance period has been extended and the contract will be awarded in a subsequent fiscal year.
2. Construction dollars not allocated through fund transfer or through approval to proceed to bid in the first year of availability, unless otherwise extended, shall be shown as bid savings.
3. Show construction dollars as expended in the year the contract was or is expected to be awarded, including all associated costs necessary to complete the project. Funds not necessary for the completion of the project are considered bid savings.
4. Design dollars encumbered via a design contract, including all associated costs, should be shown as fully expended in the year the design contract was or is expected to be awarded. Design dollars not associated with a contract should be shown as expended in the year the dollars were or are expected to be expended.
5. Project savings should generally be shown as savings. However, if either of the following apply, show funds as carryover:
  - a. The reversion of project savings is proposed in the following fiscal year.
  - b. Project savings are related to a lease-revenue bond funded project and the YOC has not expired.
6. If funding was previously shown as expended on a past year Schedule 10, no change is necessary.

If you have any questions regarding Capital Outlay project codes, please contact your Finance Capital Outlay budget analyst.

**Reflect corrections to the Schedule 10s as follows:**

1. Handwrite directly on the appropriate Schedule 10 any budget revisions and/or executive orders that are pending or have not been posted to date.
2. Correct any erroneous data by marking up the Schedule 10. Ensure edits are legible.
3. Complete Form DF-38, Missing Records Report, for missing appropriation records (e.g., chaptered bills). The DF-38, revised July 2011 (copy attached), is available on the Internet at <http://www.dof.ca.gov/budgeting/forms>. However, if you do not have access to the Internet, make copies of the attachment.

After verifying existing information, record actual past year expenditures by schedule and in total in the "Expenditures" column of the Revised Appropriation totals section. ***These must be the same dollar amounts reported to the State Controller on the year-end financial statements. (If other source documents other than year-end financial statements are being used by departments, these source documents must be approved by your Finance budget analyst prior to submittal of past year Schedule 10s.)*** These amounts will be shown in the Governor's Budget as past year actual expenditures. Please note that for budgeting purposes, encumbrances are displayed on

individual department's Schedule 10s as expenditures. All savings must be reflected **by schedule** in the "Savings" column of the Revised Appropriation totals section.

After all revisions have been posted, the **originals** of the completed initial past year Schedule 10s must be submitted to the appropriate Finance budget analyst. Departments are encouraged to keep a copy for their records.

In addition, departments must submit documentation to their Finance budget analyst to verify past year actual expenditures. CALSTARS departments must submit their CSTARB06 report and non CALSTARS departments must submit their Final Budget Report (Year-end report 6).

CALSTARS departments may also use the CSTARN10 "Prior Year Actual Schedule 10 Summary Worksheet" to reconcile the Finance initial past year Schedule 10s. This CSTARN10 report may be submitted as **an attachment to** these past year Schedule 10s in place of the CSTARB06 report for expenditure verification.

**PLEASE NOTE:** Initial past year Schedule 10s are due to Finance **no later than August 27, 2012** for all departments (regardless of funding sources). See the schedule in BL 12-06, "2013-14 Budget Preparation Guidelines," for submitting year-end financial statements to the State Controller's Office.

Upon receipt from departments, Finance analysts will review the Schedule 10s immediately and forward them to Financial Operations (FO) on a flow basis.

Upon receipt of the completed past year Schedule 10s, FO will update the budget system, print updated past year Schedule 10s (reflecting previously reported and approved corrections, adjustments, and expenditures), as well as the current and budget year Schedule 10s. These initial 3-Year Schedule 10s will be forwarded to the appropriate Finance budget analyst for distribution to the department for use in preparing the 2013-14 Governor's Budget.

**NOTE:** Current and budget year Schedule 10s will not be generated and forwarded to departments until the completed past year Schedule 10s and BR-1 (for departments that back out payables) have been submitted to and processed by FO.

## **SCHEDULE 10Rs**

Schedule 10Rs (for reporting revenues, transfers, and loans) will be provided at a later date with separate instructions.

## **QUESTIONS**

If you have any questions, please contact your Finance budget analyst.

/s/ Veronica Chung-Ng

Veronica Chung-Ng  
Program Budget Manager

Attachment

**STATE OF CALIFORNIA**  
**SCHEDULE 10—MISSING RECORD REPORT**  
 DF-38 (REV 7/11)

Department of Finance  
 915 L Street  
 Sacramento, CA 95814  
 IMS Mail Code: A-15

*Please use whole dollars.*

<b>FISCAL YEAR</b>		<b>SPECIAL NOTE</b>				
<b>DEPARTMENT</b>				<b>FUND</b>		
<b>ITEM NUMBER</b>		<b>YEAR OF APPROPRIATION</b>	<b>ITEM TITLE</b>			
<b>DOF CODE</b>	<b>CHARACTER—Select one</b> <input type="checkbox"/> 1 State Operations <input type="checkbox"/> 2 Local Assistance		<input type="checkbox"/> 3 Capital Outlay <input type="checkbox"/> 4 Unclassified	<b>PROP 98—Select one</b> <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Z	<b>PROP 98 POT</b>  	<b>STATE MANDATES</b> <input type="checkbox"/> YES <input type="checkbox"/> NO

- TYPE OF APPROPRIATION—Select one**
- |  |   |   |
|--|---|---|
| <input type="checkbox"/> 1-0 Budget Act Item                     | <input type="checkbox"/> 2-2 Financial Legislation Loan (Non-Add)       | <input type="checkbox"/> 3-7 Carryover Transfer (Non-Add)         |
| <input type="checkbox"/> 1-2 Budget Act Loan (Non-Add)           | <input type="checkbox"/> 2-5 Financial Legislation Expenditure Transfer | <input type="checkbox"/> 4-0 Reappropriation                      |
| <input type="checkbox"/> 1-5 Budget Act Expenditure Transfer     | <input type="checkbox"/> 2-7 Financial Legislation Transfer (Non-Add)   | <input type="checkbox"/> 5-0 Statutory (continuous) Appropriation |
| <input type="checkbox"/> 1-7 Budget Act Transfer (Non-Add)       | <input type="checkbox"/> 3-0 Carryover                                  | <input type="checkbox"/> Other                                    |
| <input type="checkbox"/> 2-0 Financial Legislation Appropriation | <input type="checkbox"/> 3-2 Carryover Loan (Non-Add)                   |   |

SCHEDULE NUMBER	SCHEDULE NAME <i>(Program, category or project title.)</i>	YOC*	AUTHORIZED	EXPENDITURES	SAVINGS	CARRYOVERS

\*YOC = Year of Completion